

# creditworthy relationships

Moody's

Community

Partnership

Report

2006-2007

THE MOODY'S FOUNDATION



# A message from the Chairman and Chief Executive Officer, Moody's Corporation

Moody's formal commitment to philanthropy began with the creation of our foundation in 2001. Since then, we have partnered with a number of organizations to bring about positive change in the communities in which our employees live and work with particular emphasis in New York City, San Francisco, and London.

We are careful to choose projects and partners that are aligned with our strategic focus: mathematics, economics, and financial education. Grants from our Credit Markets Research Fund support academic research on capital markets and credit-related topics around the globe, contributing knowledge to the financial community at large. In addition, Moody's employees have donated thousands of volunteer hours to key causes, helping to make a positive difference in their communities.

Moody's is proud of the relationships that have helped us forge a distinctive philanthropic footprint in our communities worldwide.



Raymond W. McDaniel, Jr.

Chairman and Chief Executive Officer, Moody's Corporation

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cover photo: Moody's employee, Vrushali Potdar, reads to her student as part of the Moody's PS 234 Reading Partner Program in Manhattan.

# A message from the President, The Moody's Foundation

Moody's is one of the world's most respected sources for credit ratings, research, analysis and quantitative credit risk assessment products and services. Through in-depth research and analysis, we determine the creditworthiness of companies, government agencies, and not-for-profit organizations so investors can make informed credit decisions. We apply this same scrutiny to our not-for-profit partners, investing in organizations that are financially sound and experienced in making a difference for their constituents. These organizations work with us to ensure that our company makes a positive contribution to the people in the communities in which we do business.

These "creditworthy relationships" are a fundamental element of our success as a company, as an employer, and as a corporate citizen. As we review and measure our impact in the community, our dedication and gratitude to our community partners grows ever stronger.

This report provides an overview of our corporate philanthropy and volunteer initiatives during 2006-2007. It chronicles some of Moody's most significant partnership stories, including our first signature project, the Moody's Mega Math Challenge (M<sup>3</sup> Challenge).



Frances G. Laserson  
President, The Moody's Foundation

# The Moody's Foundation: Program Highlights

## Signature Program: Moody's Mega Math Challenge

In 2006, The Moody's Foundation awarded a grant to the Society for Industrial and Applied Mathematics (SIAM) to fund the development of the Moody's Mega Math Challenge (M<sup>3</sup> Challenge), an internet-based applied mathematics competition for high school students. The M<sup>3</sup> Challenge is designed to increase students' enthusiasm and excitement for mathematics and to heighten their interest in pursuing math-related studies and careers.

Administered by SIAM, this day-long competition asks contestants to solve a challenging modeling problem focused on real-world issues.

The Moody's Foundation awards \$60,000 in scholarships to the top six teams based on excellence, creativity, and originality in quantitative and qualitative reasoning.

The 2006 M<sup>3</sup> Challenge problem, "Solving the Social Security Stalemate," asked students

to develop a mathematical analysis of the issues, and present one or more approaches that would guarantee the integrity of the system for at least 75 years. Students had just 14 hours to download the problem, research, write, and then upload their solution papers.

The second M<sup>3</sup> Challenge drew more than 700 students from the New York metropolitan area, a 20% increase from the year before, surpassing our expectations. The challenge, titled "Beat the Street!" required participants to build and test a model for selecting investments. The teams were asked to maximize net profit from the stock market from a list of 18 companies and, in effect, beat Wall Street by using applied mathematics and modeling techniques.

The top six teams presented their winning solutions to a panel of judges at Moody's Corporation headquarters. The competition was featured on CNBC's "Wall Street Journal Report" with Maria Bartiromo in April 2007, with viewership estimated in the millions.

PARTNER  PROFILE

## SIAM

SIAM's mission is to advance the application of mathematics and computational science to engineering, industry, science, and society. It consists of an international community of more than 10,000 individual mathematicians, computer scientists, numerical analysts, engineers, statisticians, physicists, educators, and students from 85 countries.

[www.siam.org](http://www.siam.org)



Students cheer as the winners are announced at the Moody's Mega Math Challenge.

## The “Challenge” Initiatives

During the past two years, we have seen significant growth in all three of our educational “challenge” competitions. These events spur student achievement and interest in math, finance, and economics. Through these competitions and the scholarships awarded, The Moody's Foundation and its partners have helped fulfill many students' educational dreams. We hope these competitions will contribute to the talent pipeline for Moody's and the financial services industry.

## The Federal Reserve Bank of New York

The Federal Reserve Bank of New York plays a leadership role among the Federal Reserve's 12 regional banks, whose responsibilities include developing and implementing monetary policy, supervising and regulating banks, and coordinating an effective payments system. It promotes economic and financial education and a greater understanding of the Federal Reserve System by providing instructional materials and programs for students and educators.

[www.ny.frb.org](http://www.ny.frb.org)

## The College Fed Challenge

Since 2003, The Moody's Foundation has partnered with the Federal Reserve Bank of New York by contributing \$100,000 scholarship awards annually to the winners of the College Fed Challenge, an academic competition in which teams of college students participate in a mock Federal Open

Market Committee meeting. The program has grown over the years to include regional competitions in New York, Chicago, Washington, DC, and Richmond, Virginia; a national championship competition held at the Federal Reserve Bank in Washington; and a community college competition judged in New York. Today, more than 90 teams compete in this innovative program.

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## The Euro Challenge

Sponsored by the Delegation of the European Commission to the United States, the Euro Challenge tests U.S. high school students' knowledge of the European economy and the Euro. The Moody's Foundation awards college scholarships to the top teams and sponsors a trip to Washington DC for the winners to meet with officials from the Delegation of the European Commission to the United States and the Federal Reserve Bank.

In 2006, high school teams from the greater New York region participated in the pilot program. The awards were presented at a

Moody's reception attended by Ambassador Fernando Valenzuela, then head of the Delegation of the European Commission to the United Nations; members of the Washington Delegation of the European Commission; and officials from the Federal Reserve Bank of New York. The 2007 competition incorporated lessons learned from the year before and doubled the number of participating teams. Ambassador John Bruton, current head of the delegation, attended the Moody's awards reception.



Members of the championship team accept their award at the Euro Challenge reception.

## PARTNER PROFILE

### The Delegation of the European Commission to the United States

The European Commission, through delegations and offices in more than 120 countries, is the face of the European Union (EU) abroad. The Delegation of the European Commission to the United States serves to help Americans better understand the EU, its history, values, and future in order to strengthen the EU's relationship with the United States.

[www.eurunion.org](http://www.eurunion.org)

## Thirteen/WNET

Thirteen/WNET is a non-commercial television station serving the New York metropolitan area, and a flagship station of the Public Broadcasting Service (PBS). WNET is the most watched PBS station in the United States.

[www.thirteen.org](http://www.thirteen.org)

# Other Education Programs

## “What’s Up in Finance?”

In 2005, The Moody’s Foundation awarded a three-year grant to Channel Thirteen/WNET to create the “What’s Up in Finance?” program, which makes financial literacy, basic economic concepts, and careers in finance more interesting and accessible for middle and high school students nationwide. Using a lively, magazine-style approach, “What’s Up in Finance?” takes students on

a 30-minute journey that examines the impact of finance in their lives. This innovative educational program premiered on Thirteen/WNET New York in April 2007 and was distributed nationwide.

“What’s Up in Finance?” has earned three distinguished television awards including the 2007 Bronze Telly Award, the most prestigious award of its kind.

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## *Learning, Earning and Investing Curriculum* – National Council on Economic Education

The *Learning, Earning and Investing* (LEI) curriculum, developed in 2003 with support from The Moody’s Foundation, is a comprehensive investment education curriculum for teachers of middle and high school students focused on the principles of saving and investing. Using professional development

workshops nationwide, the National Council on Economic Education (NCEE) has trained thousands of teachers in the effective use of the LEI materials. In 2006 and 2007, Moody’s funded LEI online professional development modules structured to meet local professional development standards for continuing education units.

Raymond W. McDaniel, Jr., Chairman and CEO of Moody’s Corporation, serves on the board of the NCEE.





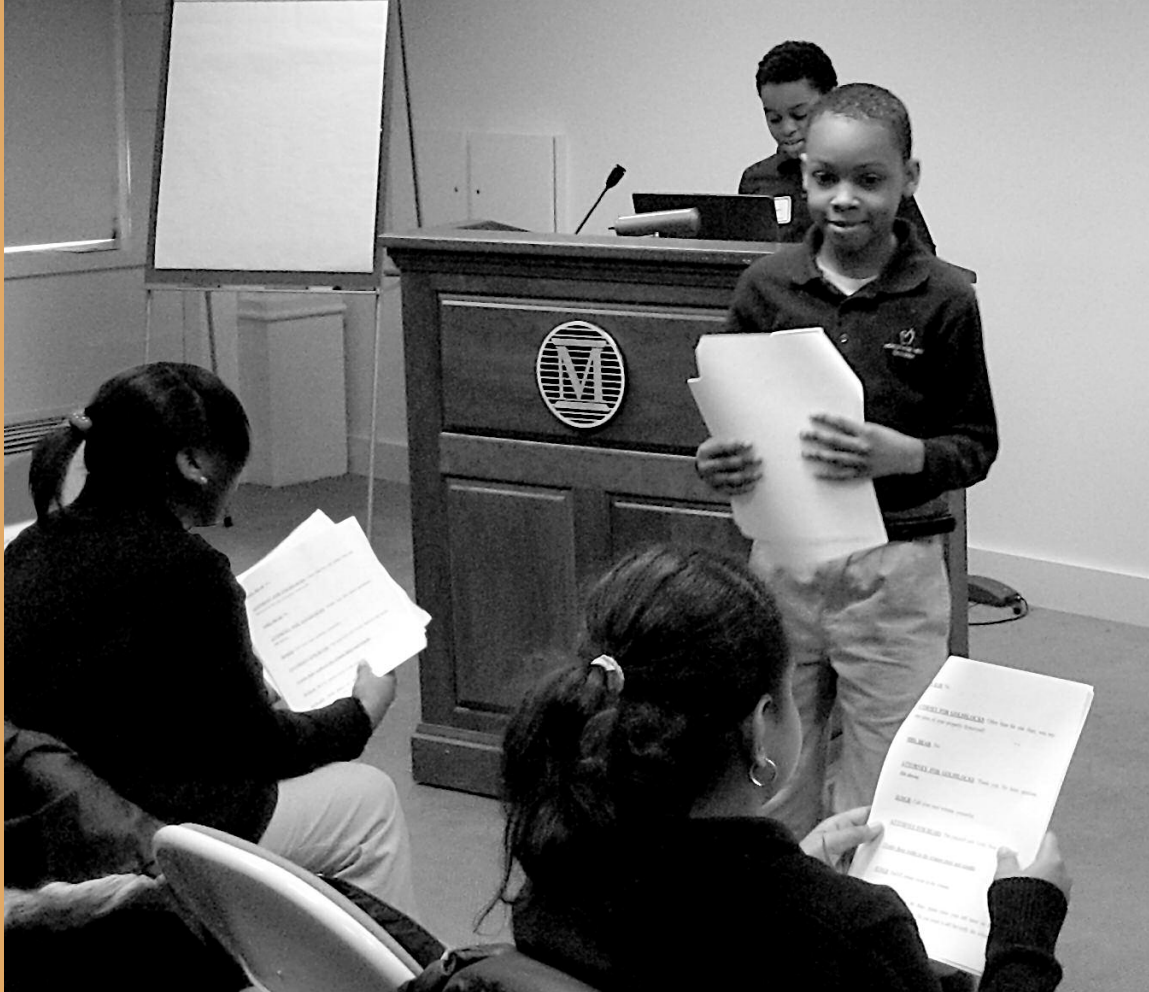
Students learn about saving and investing through the NCEE's *Learning, Earning, and Investing Curriculum*.

PARTNER  PROFILE

## National Council on Economic Education

The NCEE's mission is to help students develop the real-life skills and economic literacy they need to succeed — to be able to think and choose responsibly as consumers, savers, investors, citizens, members of the workforce, and effective participants in a global economy.

[www.ncee.net](http://www.ncee.net)



Moody's hosts an educational session for students from Achievement First's Endeavor Charter School.

## PARTNER PROFILE

### Achievement First

Achievement First is a nonprofit charter school management organization focused on delivering equal educational opportunity for America's urban children. The academic program is built around the best practices of high-performing schools across the United States.

[www.achievementfirst.org](http://www.achievementfirst.org)

## Moody's Saturday Math Academy at Endeavor Charter School

Since 2006, The Moody's Foundation has awarded \$100,000 in grants to Achievement First in support of the Moody's Saturday Math Academy for its students at the Endeavor Charter School in Brooklyn, NY. Many of the students enter the school performing well below grade level in mathematics. Students selected for the program receive one-on-one math support on

Saturdays, focusing on building math skills and stamina for examinations.

Moody's employees are personally involved with the school's educational outreach efforts. In 2007, Brian M. Clarkson, President, Moody's Investors Service, who serves on the school's board, hosted educational sessions for its fifth graders at Moody's headquarters. Presentations included explaining the work that Moody's does and how important math is to our jobs. This was followed by a Q&A session with senior managers, including CEO Raymond W. McDaniel, Jr.

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## The UK Career Academy Foundation

In 2006, The Moody's Foundation approved a three-year grant to the UK Career Academy Foundation's Academy of Finance, a two-year business studies course for middle-achieving high school students from diverse and disadvantaged backgrounds in the United Kingdom.

Its key initiative, the Academy of Finance, supports the development of best practices in math

and finance education and encompasses both career preparation courses and work experience. Moody's London office provided summer internships in 2007 to UK Career Academy students.

Frederic Drevon, Senior Managing Director, Moody's Investors Service, serves on the National Advisory Board of the UK Career Academy Foundation.



## UK Career Academy Foundation

The UK Career Academy Foundation leads and supports a national movement of employers, schools, and colleges working to raise the aspirations of 16- to 19-year-old students who are considering a career in business.

[www.careeracademies.org.uk](http://www.careeracademies.org.uk)



Moody's employees gather with ninth graders from the Urban Assembly School of Business for Young Women after a seminar on education and career path.

## Diversity and Gender Equality Programs

Respect for and encouragement of diversity and gender equality are embraced and strongly advocated by Moody's. Through a number of special community partnerships, we have lent financial support to projects that promote cultural diversity and focus on the special educational and career needs of young women.

## NYC GirlsREACH

The Moody's Foundation awarded a grant to help pilot NYC GirlsREACH, a gender-specific career and college advancement program in New York City public high schools. The program, sponsored by two New York City agencies, pairs high-school-age girls with professional women in the private and public sectors, offering workshops on issues such

as financial literacy and college admissions. The initiative emphasizes the importance of post-secondary education for high school students through one-on-one interaction with women role models who can provide access to career pathways and other professional networks.

Moody's employed two interns from NYC GirlsREACH as part of its 2007 Summer Internship Program.

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## The Moody's Resource Room at The Urban Assembly School of Business for Young Women

In 2006, a foundation grant created the Moody's Resource Room at The Urban Assembly School of Business for Young Women, a new public high school in New York City that offers a college-preparatory education to young women with an interest in business.

The Moody's Resource Room is a computer center that has become an essential learning facility for the approximately 300 students and staff members. In 2007, the foundation funded additional desktop computers and printers as well as laptop computers for mobile laptop carts, allowing computer and internet resources to be utilized within the classrooms.

Additionally, 20 ninth grade girls came to Moody's for a luncheon with six female managers who presented their stories about the value of a college education and their career paths.

## PARTNER PROFILE

### New York City Commission on Women's Issues; New York City Department of Youth and Community Development

The New York City Commission on Women's Issues advises the mayor on matters impacting the lives of New York City women. The Department of Youth and Community Development funds a wide range of innovative, practical, and quality programs that positively impact youth and communities.

[www.nyc.gov](http://www.nyc.gov)

## PARTNER PROFILE

### The Urban Assembly School of Business for Young Women

The school provides a high quality college-preparatory education to young women of diverse backgrounds in a nurturing and supportive environment and teaches them transferable technical skills that can be applied in the world of business.

[www.uasbyw.org](http://www.uasbyw.org)



## Employee Volunteerism

Employee involvement—which includes time, money, energy, talent, and leadership—is a critical part of our philanthropy. Volunteerism benefits the company, the employee, and the communities in which the employee is engaged. Many of our volunteer activities are initiated at

the suggestion of Moody's employees, and we are proud to offer a variety of volunteer opportunities to meet employees' interests and personal schedules.



London employees volunteer to help raise funds for Marie Curie Cancer Care by participating in a ropes course.

Approximately 300 employees volunteer more than 3,300 hours annually in company-sponsored volunteer programs and charitable events in the US and the UK.

In 2007, Moody's expanded volunteer programs nationally and internationally. Our London office launched its first project with London

Cares, a city-wide community service day, and a new volunteer program in collaboration with a foundation grantee, Number Partners, to support financial literacy initiatives. Moody's also introduced volunteer projects in South Bend, Indiana and San Francisco.



Moody's interns help restore the Roberto Clemente State Park in the Bronx, New York.

# Moody's Internship Programs

Integrating corporate citizenship into our business

Through its internship program, Moody's reaches out to the community to give students the tools and foundation for a rewarding internship, and eventually, a successful career. For several years, we have selected students by partnering with organizations whose mission is to encourage young people, particularly women and minorities, to pursue careers in financial services, mathematics, economics and technology.

In 2006, we began choosing college and high school interns from a wider range of community partners, including NYC GirlsREACH, the Posse Foundation, and Bank Street College's Center for Leadership and College Preparation.

In 2007, we expanded the internship program beyond the United States, piloting a program in our London office. Students from two of The Moody's Foundation's UK community partners, Henry Compton Secondary School and the UK Career Academy Foundation, were placed at Moody's London office for a six-week work experience and paid internship programs, respectively. In 2007, more than 30 college and high school students participated in the program in New York and London.

Since volunteerism is part of life at Moody's, the internship program typically includes a community service project, showing students first-hand how important service and volunteering are to our company.



# Employee Programs

## Matching Gifts

The Matching Gifts program provides a dollar-for-dollar match of the tax-deductible portion of individual gifts made by eligible Moody's employees to approved organizations, with an annual maximum of \$5,000 per employee. Over 20% of eligible US employees participate in the program, which has been expanded to the United Kingdom, Canada, Australia, Latin America, Hong Kong and Singapore. The foundation contributes approximately \$750,000 annually.

## Dollars for Doers

To recognize, encourage, and support the activities of employees, The Moody's Foundation supports a Dollars for Doers program that awards a \$500 cash contribution to qualifying nonprofit organizations and programs on behalf of our employee volunteers. Awards are made annually to more than 40 nonprofits in the United States, the United Kingdom, Hong Kong, Singapore, Australia and Canada where employees each donated more than 40 hours of volunteer time.

# Moody's Credit Markets Research Fund

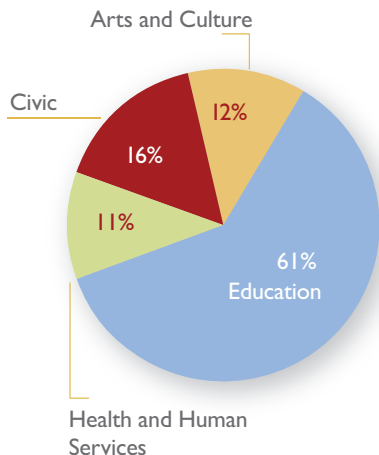
Moody's has long supported academic research in the financial markets. Moody's Credit Markets Research Fund provides resources to distinguished researchers engaged in innovative research projects of interest to the academic and professional finance communities. The fund provides monetary grants of \$25,000 to researchers at universities and other academic organizations in the form of stipends and other assistance for specific research projects. The goal of this fund is to facilitate the implementation and publication of new research and, in so doing,

extend the knowledge and literature of the broader finance community.

Recent grants funded research on "Clientele Change, Liquidity Shock, and the Return of Financially Distressed Stocks;" "Unified Modeling of Corporate Debt, Equity Derivatives and Credit Derivatives;" "Do Observed Factors Explain the Dynamics of Credit Spreads?" and "Toward Understanding of Credit Risk Pricing."

# The Moody's Foundation Fact Sheet 2007

## 2007 Giving Areas



## 2007 Grants

Employee Driven Programs	\$804,520
Education	\$1,833,707
Health and Human Services	\$352,000
Arts and Culture	\$359,780
Civic	\$470,666
<b>TOTAL</b>	<b>\$3,937,500</b>

## Grant Recipients

The Moody's Foundation has awarded grants to the following organizations:

### Education

Academy of Finance  
 Achievement First, Inc. – Endeavor Charter School  
 American Economic Association  
 Bank Street's Center for Leadership and College Preparation  
 Brunel University – Urban Scholars Programme  
 Business in the Community – Number Partners Program  
 Channel 13/WNET – “What's Up in Finance?”  
 College Fed Challenge

Columbia University's School of International and Public Affairs  
 Coro New York Leadership Center  
 Youth About Business Summer Camp  
 Euro Challenge  
 Henry Compton Secondary School  
 High School of Economics and Finance  
 Jackie Robinson Foundation  
 Making Waves Education Program  
 Mathematical Association of America  
 Mathematical Sciences Research Institute – San Francisco Math Circles  
 National Council on Economic Education  
 National Merit Scholars Program  
 New York University's Robert F. Wagner Graduate School of Public Service  
 Prep for Prep  
 P.S. 234 Reading Program  
 Society of Industrial and Applied Mathematics (SIAM) – Moody's Mega Math Challenge  
 The Robert A. Toigo Foundation  
 The Posse Foundation  
 UK Career Academy Foundation  
 Urban Assembly School of Business for Young Women

### Health and Human Services

Cooke Development Center  
 Hudson Cradle  
 New York Downtown Hospital  
 Safe Horizon

### Arts & Culture

American Museum of Natural History  
 Asian Art Museum  
 Big Apple Circus  
 Brooklyn Botanical Garden  
 Brooklyn Museum of Art  
 Children's Museum of Manhattan  
 Cooper Hewitt National Design Museum  
 El Museo del Barrio

Exploratorium  
 Frick Collection  
 Guggenheim Museum  
 Intrepid Sea, Air and Space Museum  
 Liberty Science Center  
 Manhattan Theatre Club  
 Metropolitan Museum of Art  
 Museum of Modern Art  
 Museum of the Moving Image  
 National Gallery – UK  
 New York Botanical Garden  
 New York Hall of Science  
 Royal Opera – UK  
 San Francisco Museum of Modern Art  
 South Street Seaport Museum  
 Staten Island Children's Museum  
 Studio Museum in Harlem  
 The Jewish Museum  
 Whitney Museum of American Art  
 Wildlife Conservation Society

### Civic Organizations

Battery Conservancy  
 Business Today  
 Business in the Community  
 Catalyst  
 Center for Work-Life Policy  
 Committee to Encourage Corporate Philanthropy  
 Downtown Alliance – River to River Festival  
 Executive Leadership Council  
 Forté Foundation  
 Habitat for Humanity – New York, South Bend and San Francisco  
 Hands on Bay Area  
 Jersey Cares  
 London Cares  
 Manhattan Youth Recreation and Resources  
 Partnership for New York City  
 New York Cares  
 NYC GirlsREACH  
 Volunteer Consulting Group – BoardNet USA



